the economy of québec

A REVIEW OF THE QUÉBEC ECONOMY IN 1972-1973

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A REVIEW OF THE QUEBEC ECONOMY

IN 1972/73

Direction de l'Analyse et de la Prévision Economiques

DIRECTION GENERALE DE LA RECHERCHE ET DE LA PLANIFICATION

Décembre 1972

INTRODUCTION

The main industrialized countries of the world experienced an accelerated economic recovery in 1972. The upturn, in overseas countries such as Germany, France, Great Britain and Japan, came later than in North American countries. However, expansionary policies implemented by these countries in 1971 brought about a definite improvement in 1972. This recovery was nevertheless accompanied by an alarming rise in prices. That is why Great Britain, for its part, recently turned to severe control measures in order to fight inflation.

The economic growth initiated by the United States in November 1970 continued in 1972. The improvement noted, following the passing of fiscal and monetary measures, gained evident speed during the year. This resurgence came along with a heavy employment increase, a marked decline of the rate of unemployment and a relatively moderate rise in prices. The favourable development of prices was partly attributable to the stabilization policy carried in 1971 and especially to the high increase in productivity observed since the recovery has started.

ACCELERATION OF GROWTH

Since the end of 1970, the Canadian economy has had a very high rate of increase. In the period extending from the fourth quarter of 1970 to the second quarter of 1972 real gross national product grew

ECONOMIC INDICATORS

CANADA

	Unit of measure	1968	1969	1970	1971*	1972**	69/68	70/69	71/70	72/71
								%		
Gross national product at market prices	$'000,000	72,586	79,749	85,449	93,094	103,148	9.9	7.1	8.9	10.8
Personal income	"	55,677	61,813	66,533	73,447	82,261	11.0	7.6	10.4	12.0
Per capita personal income	$	2,690	2,943	3,124	3,405	3,768	9.4	6.2	9.0	10.7
Salaries, wages and supplementary labour income	$'000,000	38,444	43,036	46,633	51,260	56,796	11.9	8.4	9.9	10.8
Total capital expenditure	"	15,455	16,927	17,798	19,788	21,151	9.5	5.1	11.2	6.9
- Manufacturing sector	"	2,199	2,600	3,223	2,949	3,022	18.2	24.0	- 8.5	2.5
Value of manufacturers'shipments	"	42,062	45,930	45,992	49,130	53,699	9.2	0.1	6.8	9.3
Personal expenditure on goods and services	"	43,704	47,492	50,040	53,963	59,845	8.7	5.4	7.8	10.9
Retail trade (total)	"	25,711	27,401	28,034	30,646	34,201	6.6	2.3	9.3	11.6
Consumer price index (Canada)	1961=100	120.1	125.5	129.7	133.4	139.7	4.5	3.2	2.8	4.7
Population (June 1st)	'000	20,701	21,001	21,297	21,569	21,830	1.4	1.4	1.3	1.2
Labour force	"	7,919	8,162	8,374	8,631	8,893	3.1	2.6	3.1	3.0
Employment (total)	"	7,537	7,780	7,879	8,079	8,326	3.2	1.3	2.5	3.1
Non-farm employment	"	6,992	7,245	7,368	7,568	7,810	3.6	1.7	2.7	3.2
Rate of unemployment	%	4.8	4.7	5.9	6.4	6.4				

* Preliminary. ** Estimated.

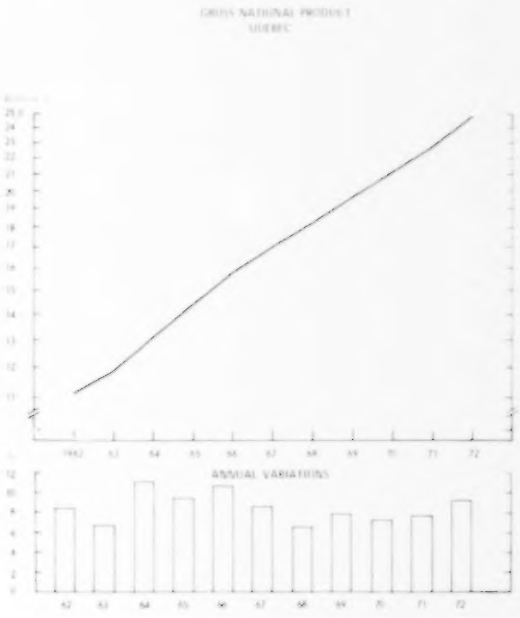
SOURCES: Private and Public Investment in Canada (61-205). Manufacturing Industries (31-205). Retail Trade (63-005). Canadian Statistical Review (11-003). Prices and Price Indexes (62-002). Labour Force (71-001), S.C. Direction de l'Analyse et de la Prévision Economiques, Direction générale de la Pecherche et de la Planification.

ECONOMIC INDICATORS
QUEBEC

	Unit of measure	1968	1969	1970	1971*	1972**	69/68	70/69	71/70	72/71
								%		
Gross national product at market prices	$'000,000	18,250	19,699	21,136	22,763	24,951	7.9	7.3	7.7	9.6
Personal income (1)	"	14,218	15,579	16,757	18,264	20,182	9.6	7.6	9.0	10.5
Per capita personal income	$	2,398	2,603	2,787	3,030	3,331	8.5	7.1	8.7	9.9
Salaries, wages and supplementary labour income (2)	$'000,000	10,189	11,132	11,954	12,950	14,174	9.3	7.4	8.3	9.4
Total capital expenditure	"	3,175	3,376	3,418	3,971	4,655	6.4	1.2	16.2	17.2
- Manufacturing sector	"	600	618	624	538	665	2.9	0.9	-13.7	23.6
Value of manufacturers'shipments	"	11,742	12,820	13,045	13,652	14,553	9.1	1.8	4.6	6.6
Personal expenditure on goods and services	"	11,159	12,066	12,627	13,526	14,879	8.1	4.6	7.1	10.0
Retail trade (total)	"	6,565	6,962	7,074	7,681	8,557	6.0	1.6	8.6	11.4
Consumer price index (Montreal)	1961=100	118.1	121.8	124.3	126.6	131.4	3.1	2.1	1.8	3.8
Population (June 1st)	'000	5,928	5,985	6,013	6,028	6,059	1.0	0.5	0.2	0.5
Labour force	"	2,227	2,290	2,327	2,394	2,426	2.8	1.6	2.9	1.3
Employment (total)	"	2,082	2,132	2,144	2,197	2,224	2.4	0.6	2.5	1.2
Non-farm employment	"	1,961	2,025	2,040	2,099	2,127	3.3	0.7	2.9	1.3
Rate of unemployment	%	6.5	6.9	7.9	8.2	8.3				

* Preliminary. ** Estimated.
(1) Includes income of Quebecers residing abroad
(2) Does not include income of Quebecers residing abroad
SOURCES: Private and Public Investment in Canada (61-205). Manufacturing Industries (31-205). Retail Trade (63-005). Canadian Statistical Review (11-003). Prices and Price Indexes (62-002). Labour Force (71-001), S.C. Direction de l'Analyse et de la Prévision Economiques, Direction générale de la Pecherche et de la Planification.

at the annual rate of 7.0 per cent, the best showing, after Japan, among industrialized countries. Most components of over-all demand have made rapid growth since the beginning of the current expansion period. Consumer spending in goods and services, government expenditure and capital expenditure by business rose at a rate of over 10 per cent.



The development of Québec's economy, due mainly to its opening to countries abroad, is considerably affected by the main cyclical patterns observed in North America. Thus, the recent recovery of the Canadian economy has had a definite influence in Québec. However, as is the case whenever the Canadian economy enters into a new expansion period, the growth in Québec is slower and less pronounced than that of the whole country.

While retail sales in Québec have been progressing at the same annual rate (11.0 per cent) as in Canada as a whole, the growth rate of shipments was only half the Canadian rate. This disparity can be explained by the weakness in Québec of the durable and equipment goods industries which are most deeply affected by a recovery of the over-all economy.

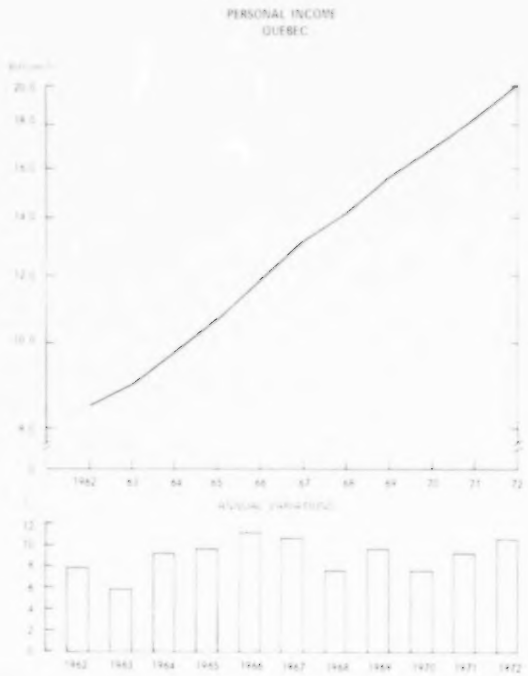
One of the disappointing aspects of the present economic growth is definitely the poor annual rate of employment increase. In the period extending from the fourth quarter of 1970 to the month of November last, the labour force and employment rose at about the same annual rate, that is by about 1.2 per cent. The Canadian labour force and employment rates grew twice as rapidly.

Largely responsible for this slow growth rate is the stagnation that prevailed in Québec during the period 1967-1970. This long period of low economic conditions was marked by an appreciable weakening of our firms' financial status and by a largely unutilized production capacity. This overall situation was still aggravated by the particular problems that were met by some of our major industries, such as the pulp and paper and the aircraft industries.

The deteriorated condition of our economy, as recovery was commencing, induced the firms to proceed with great caution. Businessmen hesitated to raise their inventories and endeavoured to rationalize their production methods. They also sought to put to the best use the various resources already available, with the result that total employment grew at a lower rate than was anticipated. It is to be noted, however, that the growth of productivity, with a rate of 4.2 per cent in 1972, is much higher than the long term trend which shows a rate of 2.0 per cent.

The firms' concern for modernizing their production methods is reflected by a considerable rise in capital expanditure. According to the

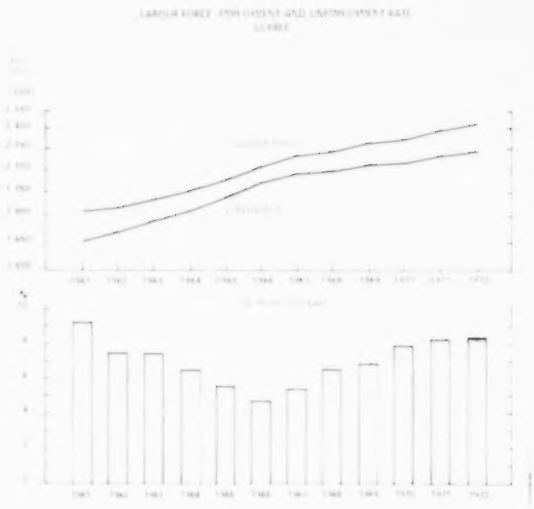
data now available, total capital expenditure in Québec went up by 17.2 per cent in 1972, following a rise of 16.2 per cent in 1971. In the manufacturing sector, the increase in capital expenditure was 23.6 per cent in 1972.

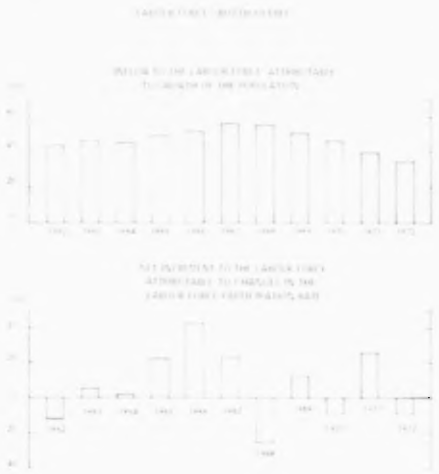


Thus, although Québec's economic development may be a little slower than that of Canada as a whole, it has nevertheless been accelerating in the past few years. The growth rate of Québec's gross national product is estimated at 9.6 per cent (Canada: 10.8 per cent) in 1972, which is the highest rate registered by Québec in the last five years. Considering that prices are going up less rapidly here than in Canada, real G.N.P. growth is equivalent to about 5.4 per cent. Total payrolls increased by 9.4 per cent and personal income was up by close to 10.5 per cent.

LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT

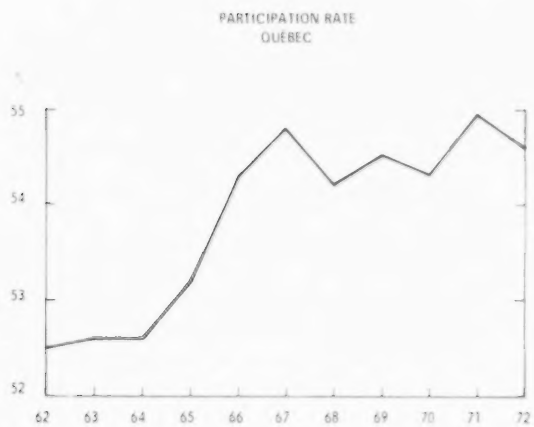
For the first eleven months of 1972, the labour force has augmented by 29,000 compared to the same period in 1971. The 1.22 per cent





rate which this represents is much lower than those recorded in Ontario (4.1 per cent) and in Canada (3.0 per cent). This difference is partly attributable to the stability noted in Québec's participation rate.

The participation rate represents that proportion of the civilian, non-institutional population 14 years of age or over which is employed or unemployed. This rate fluctuates greatly on a short term basis according to the number of jobs available, which vary with seasons and the general economic conditions. It averaged 54.7 per cent for the first eleven months of 1972, as against 54.9 per cent for the same period last year.



LABOUR FORCE, EMPLOYMENT, UNEMPLOYMENT (1)

1971 - 1972

QUEBEC

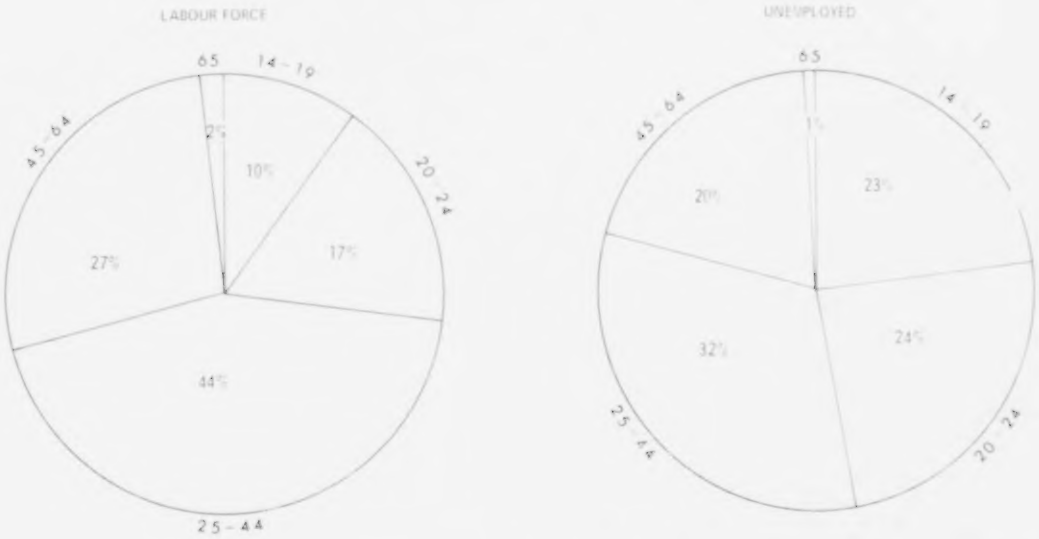
MONTH	LABOUR FORCE			EMPLOYMENT			UNEMPLOYMENT			NON-FARM EMPLOYMENT		
	'000			'000			'000			'000		
	1	2	3	1	2	3	1	2	3	1	2	3
	1971	1972	(2-1)	1971	1972	(2-1)	1971	1972	(2-1)	1971	1972	(2-1)
J	2,341	2,366	25	2,107	2,133	26	234	233	- 1	2,025	2,046	21
F	2,342	2,344	2	2,098	2,121	23	244	223	-21	2,023	2,040	17
M	2,330	2,355	25	2,094	2,135	41	236	220	-16	2,011	2,057	46
A	2,336	2,345	9	2,102	2,129	27	234	216	-18	2,004	2,033	29
M	2,376	2,407	31	2,180	2,201	21	196	206	10	2,082	2,095	13
J	2,437	2,476	39	2,246	2,276	30	191	200	9	2,143	2,168	25
J	2,519	2,544	25	2,335	2,346	11	184	198	14	2,207	2,229	22
A	2,493	2,552	59	2,327	2,365	38	166	187	21	2,201	2,247	46
S	2,375	2,413	38	2,214	2,254	40	161	159	- 2	2,115	2,148	33
O	2,407	2,426	19	2,245	2,254	9	162	172	10	2,148	2,156	8
N	2,388	2,438	50	2,213	2,250	37	175	188	13	2,118	2,165	47
D	2,384			2,198			186			2,110		
Average for 11 months			29.3			27.5			1.8			27.9

SOURCE: Labour Force (71-001), S.C.

(1) Not adjusted for seasonal variations.

NOTE: As figures are rounded, totals may not correspond with the addition of components.

PERCENTAGE DISTRIBUTION BY AGE GROUP
LABOUR FORCE - UNEMPLOYMENT



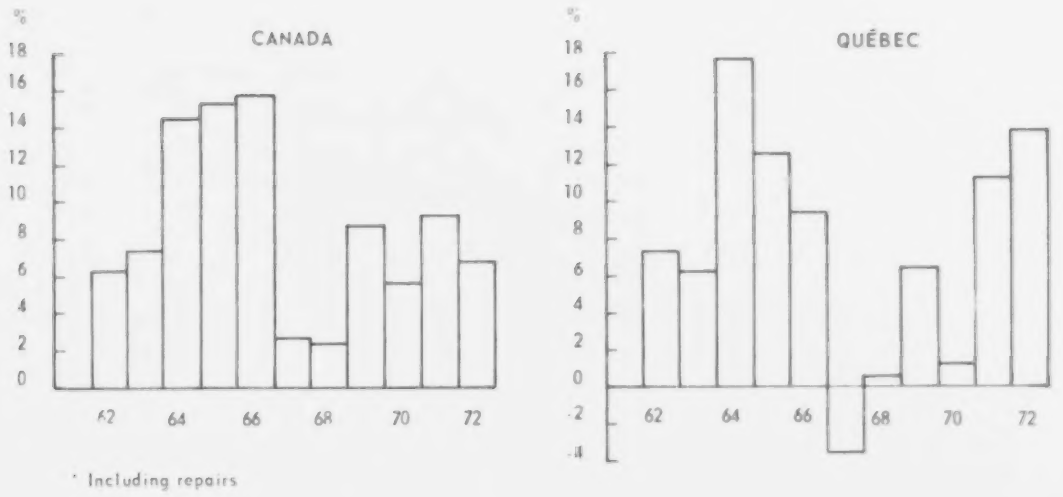
Employment increased by 27,000 or 1.25 per cent during the first eleven months of 1972 over the same period of 1971. The fact that the labour force and employment grew at about the same rate in 1972 resulted in the unemployment rate having remained practically unchanged. Employment augmented more rapidly than the labour force in the early part of the year, thus bringing about a certain drop in the seasonally adjusted unemployment rate. However, there was a marked deterioration of the employment situation in April and, since then, the seasonally adjusted unemployment rate has climbed from 7.5 per cent in March to 8.8 per cent in November.

INVESTMENT AND CONSTRUCTION

According to the mid-year survey conducted by Statistics Canada,

private and public investment for 1972 increased by 13.9 per cent in Québec, 4.5 per cent in Ontario and 6.4 per cent in Canada.

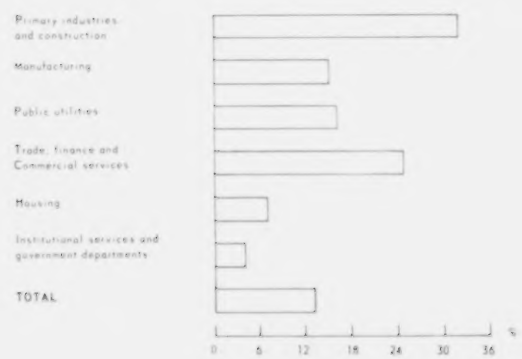
TOTAL INVESTMENT *
PERCENTAGE ANNUAL VARIATIONS



* Including repairs

The sectors which showed the largest gains are: primary industries and construction, 32.2 per cent ($183 million); trade, finance and commercial services, 25.5 per cent ($110.5 million); manufacturing, 15.2 per cent ($132.3 million); and public utilities, 16.6 per cent ($170.9 million). Housing made a 7.2 per cent rise, following an increase of 20.1 per cent last year. This was also true of investment by government departments and institutions which went up by 4.4 per cent in 1972, after making a 20.2 per cent advance in 1971.

INVESTMENT BY SECTOR
QUÉBEC



INVESTMENT BY SECTOR AND ANNUAL VARIATIONS (1)

QUEBEC

SECTOR	1968	1969	1970	1971*	1972**	69/68	70/69	71/70	72/71
	millions of dollars					%			
Primary industries and construction (2)	425.5	465.0	459.7	568.4	751.4	9.3	- 1.1	23.6	32.2
Manufacturing	898.4	945.7	969.0	872.2	1,004.5	5.3	2.5	-10.0	15.2
Public utilities	878.6	878.7	918.5	1,026.1	1,197.0	-	4.5	11.7	16.6
Trade, finance and commercial services	435.1	393.6	419.3	432.7	543.2	- 9.5	6.5	3.2	25.5
Housing	795.0	887.1	869.6	1,044.7	1,120.4	11.6	- 2.0	20.1	7.2
Institutional services and government departments	939.8	1,075.3	1,074.8	1,292.2	1,349.1	14.4	-	20.2	4.4
TOTAL	4,372.4	4,645.4	4,710.9	5,236.3	5,965.6	6.2	1.4	11.2	13.9

* Preliminary. ** Mid-year forecasts.
(1) Includes repairs.
(2) Construction - capital expenditure by building contractors.

SOURCE: Private and Public Investment in Canada, Mid-year Review (61-206), S.C.

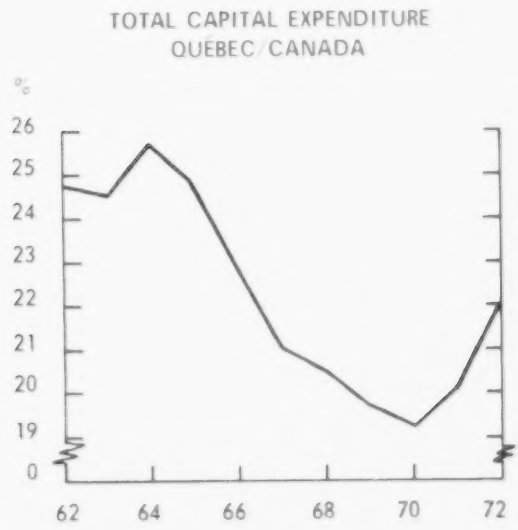
INVESTMENT BY SECTOR AND ANNUAL VARIATIONS (1)
CANADA

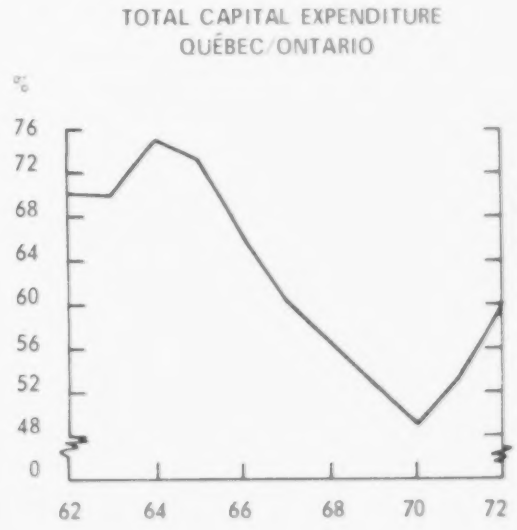
SECTOR	1968	1969	1970	1971*	1972**	69/68	70/69	71/70	72/71
	millions of dollars					%			
Primary industries and construction (2)	3,341	3,511	3,664	4,218	4,273	5.1	4.4	15.1	1.3
Manufacturing	3,431	3,906	4,640	4,378	4,518	13.8	18.8	- 5.6	3.2
Public utilities	4,290	4,418	4,846	5,237	5,729	3.0	9.7	8.1	9.4
Trade, finance and commercial services	1,772	1,955	2,068	2,103	2,439	10.3	5.8	1.7	16.0
Housing	3,586	4,228	4,009	4,828	5,204	17.9	- 5.2	20.4	7.3
Institutional services and governement departments	4,053	4,172	4,238	4,857	5,085	2.9	1.6	14.6	4.7
TOTAL	20,473	22,190	23,465	25,621	27,248	8.4	5.7	9.2	6.4

* Preliminary. ** Mid-year forecasts.
(1) Includes repairs.
(2) Construction - capital expenditure by building contractors.

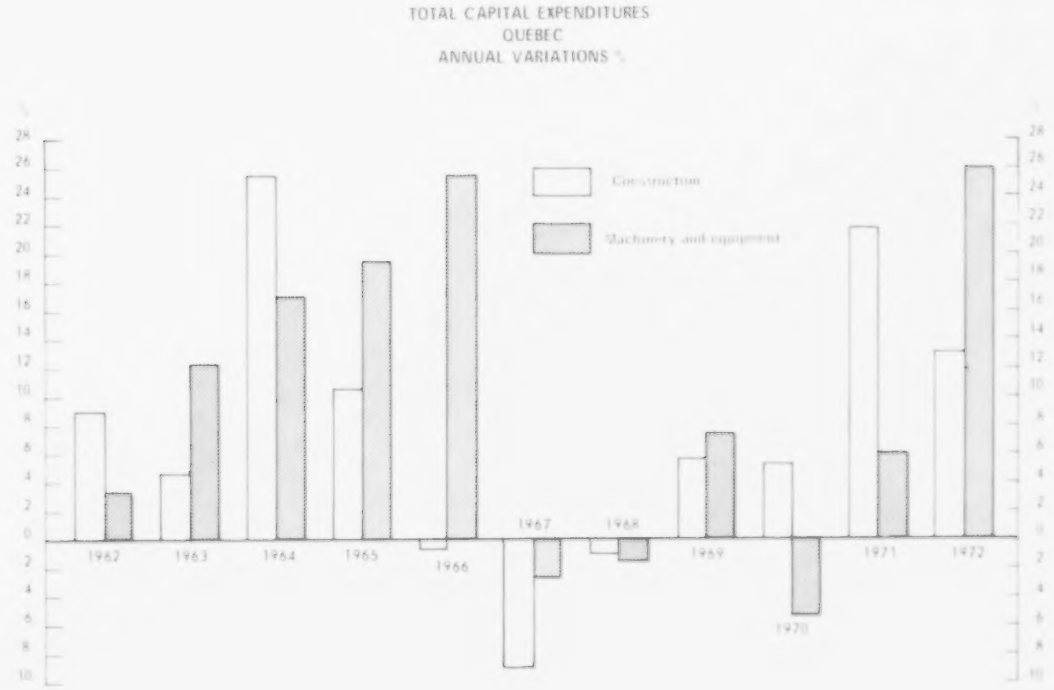
SOURCE: Private and Public Investment in Canada, Mid-year Review (61-206), S.C.

As for total capital expenditure, Statistics Canada's survey indicates a 17.2 per cent increase compared to a rise of 16.2 per cent





in 1971. The gain is more sizeable in machinery and equipment (+26.0 per cent) than in construction (+12.9 per cent). In Canada and Ontario, capital expenditure rises were 6.9 and 4.5 per cent respectively.



MANUFACTURING SECTOR

Capital expenditure

Capital expenditure constitutes one of the safest indicators of economic growth. Statistics Canada's mid-year survey showed a 23.6 per cent increase in Québec's manufacturing sector in comparison with a rise of 2.5 per cent in Canada and a decrease of 1.0 per cent in Ontario. This recovery puts an end to the relative stagnation that had been prevailing in that sector since a few years. Thus, Québec's share in the Canadian capital expenditure of the manufacturing sector, which had gone down from 27.3 per cent in 1968 to 18.3 per cent in 1971, has again moved up, to 22.0 per cent in 1972. The proportion of Québec's capital expenditure in relation to that of Ontario had also been steadily falling, from 60.0 per cent in 1968 to 39.1 per cent in 1971. In 1972, the proportion has gone up to 48.8 per cent.

Thirteen major industry groups out of 18 increased their capital expenditure by a total amount of some $170 million in 1972. The largest gains were made by the paper and allied products industry ($45 million), the primary metal industry ($32.3 million); food and beverages ($26.6 million); and non-metallic mineral products ($17.1 million). The paper and allied products industry seems to be taking a new start, following a period of adjustment.

CAPITAL EXPENDITURE IN THE MANUFACTURING INDUSTRIES
AND ANNUAL VARIATIONS

QUEBEC

INDUSTRY	1968	1969	1970	1971*	1972**	1969/68	1970/69	1971/70	1972/71
	millions of dollars					%			
Food and beverages	54.8	67.5	61.2	49.0	75.6	23.2	- 9.3	-19.9	54.3
Rubber	7.9	11.9	11.1	3.4	4.8	50.6	- 6.7	-69.4	41.2
Leather	2.8	2.8	2.6	1.6	4.1	-	- 7.1	-38.5	156.2
Textile	21.3	34.1	44.7	34.6	46.2	60.1	31.1	-22.6	33.5
Clothing and knitted goods	13.2	21.1	16.4	19.0	25.3	59.8	-22.3	15.9	33.2
Wood	12.0	15.9	17.3	17.3	18.8	32.5	8.8	-	8.7
Furniture and fixtures	10.9	5.1	4.5	5.5	7.0	-53.2	-11.8	22.2	27.3
Paper and allied industries	102.3	105.6	84.7	50.2	95.2	3.2	-19.8	-40.7	89.6
Printing, publishing and allied industries	16.1	11.6	19.9	15.0	17.2	-28.0	71.6	-24.6	14.7
Primary metal	36.5	63.4	45.9	33.1	65.4	73.7	-27.6	-27.9	97.6
Metal fabricating	30.1	25.5	25.2	24.3	21.7	-15.3	- 1.2	- 3.6	-10.7
Machinery	7.0	6.8	8.8	10.4	8.2	- 2.9	29.4	18.2	-21.2
Transportation equipment	25.7	22.6	24.6	13.7	21.6	-12.1	8.8	-44.3	57.7
Electrical products	25.3	30.4	27.3	44.8	33.2	20.2	-10.2	64.1	-25.9
Non-metallic mineral products	14.3	19.7	22.4	18.9	36.0	37.8	13.7	-15.6	90.5
Petroleum and coal products	73.2	42.4	66.9	61.9	52.5	-42.1	57.8	- 7.5	-15.2
Chemical products	67.2	46.5	57.5	61.0	43.6	-30.8	23.7	6.1	-28.5
Miscellaneous manufacturing industries	79.8	85.0	82.6	74.6	88.9	6.5	- 2.8	- 9.7	19.2
TOTAL	600.4	617.9	623.6	538.3	665.3	2.9	0.9	-13.7	23.6

* Preliminary. ** Mid-year forecasts.

SOURCE: Private and Public Investment in Canada, Mid-year Review (61-206), S.C.

CAPITAL EXPENDITURE IN QUEBEC AS PERCENTAGE OF CAPITAL EXPENDITURE IN CANADA
MANUFACTURING INDUSTRIES
1962 - 1972

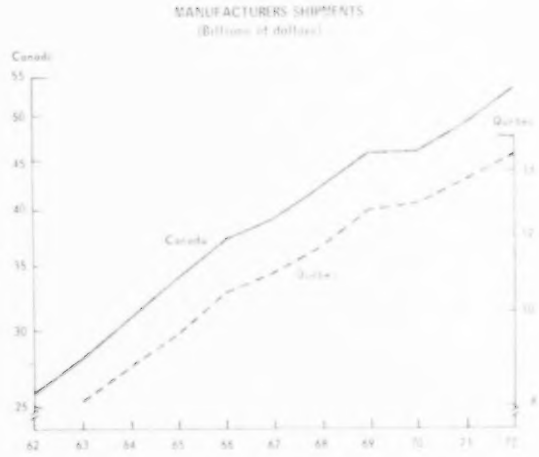
INDUSTRY	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971*	1972**
Food and beverages	24.4	26.2	22.4	23.7	28.4	30.9	22.7	26.2	20.1	17.5	27.3
Rubber	9.4	17.0	23.9	30.6	56.4	22.7	22.8	23.6	19.8	3.7	5.8
Leather	51.1	57.4	53.8	38.3	24.7	30.8	34.5	33.7	44.8	21.1	37.3
Textile	55.6	57.5	47.9	36.1	35.8	33.7	36.8	42.2	55.1	48.7	50.2
Clothing and knitted goods	64.5	58.1	59.2	59.2	44.8	53.8	66.6	70.3	66.9	74.5	74.9
Wood	14.0	14.8	17.0	11.9	20.2	21.3	16.9	10.6	12.0	11.4	12.1
Furniture and fixtures	48.6	42.3	51.6	41.0	33.8	46.0	57.4	41.8	28.7	40.1	40.9
Paper and allied industries	28.4	30.1	29.2	24.3	23.4	29.8	35.1	28.0	15.9	9.6	21.8
Printing, publishing and allied industries			27.2	22.1	26.6	35.0	32.3	20.7	30.6	21.5	29.0
Primary metal	20.3	28.5	22.0	28.8	23.1	13.7	15.5	21.6	10.8	8.4	17.1
Metal fabricating	23.9	26.5	23.7	18.6	18.9	20.5	27.4	19.3	18.4	21.2	18.6
Machinery	27.8	17.9	13.9	17.6	12.7	13.3	14.1	11.5	12.1	19.7	13.9
Transportation equipment	11.9	13.4	15.8	17.8	10.4	13.1	19.4	12.7	9.7	10.2	15.6
Electrical products	30.0	31.4	28.8	28.9	29.9	26.8	36.7	34.6	28.2	40.4	28.7
Non-metallic mineral products	29.7	33.1	34.6	28.8	25.3	10.8	16.6	16.3	16.6	20.6	22.9
Petroleum and coal products	15.7	15.5	36.1	44.1	13.9	33.2	57.4	31.1	28.9	27.5	20.2
Chemical products	38.7	23.1	15.8	12.2	20.5	21.8	23.0	19.7	22.0	25.7	18.4
TOTAL	26.3	27.0	25.7	23.5	23.5	23.9	27.3	23.8	19.3	18.3	22.0

* Preliminary. ** Mid-year forecasts.

SOURCE: Direction de l'Analyse et de la Prévision Economiques, Ministère de l'Industrie et du Commerce.

The slowdown observed in some high-technology industries such as the chemical and chemical products and the petroleum and coal products industries, are a clear reflection of the intermittent nature of investment in these fields. Investments in this sector are mass investments made at irregular intervals.

Value of shipments



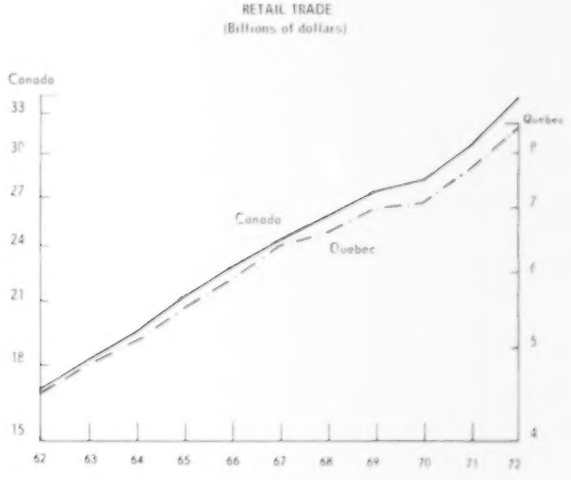
The value of Québec's manufacturers' shipments rose by 6.2 per cent during the first nine months of 1972 over the corresponding period of 1971. This compares with 9.2 per cent in Ontario and 8.8 per cent in Canada as a whole.

Increases were particularly heavy in the consumer goods industry groups, such as furniture and furnishings (+19.8 per cent); clothing (+15.9 per cent); food and beverages (+8.3 per cent). Some other industries also registered large gains: the wood industry (+18.2 per cent); the metal fabricating industry (+11.3 per cent); and the non-metallic mineral products industry (+9.1 per cent). The only major group with a sales decrease is transportation equipment.

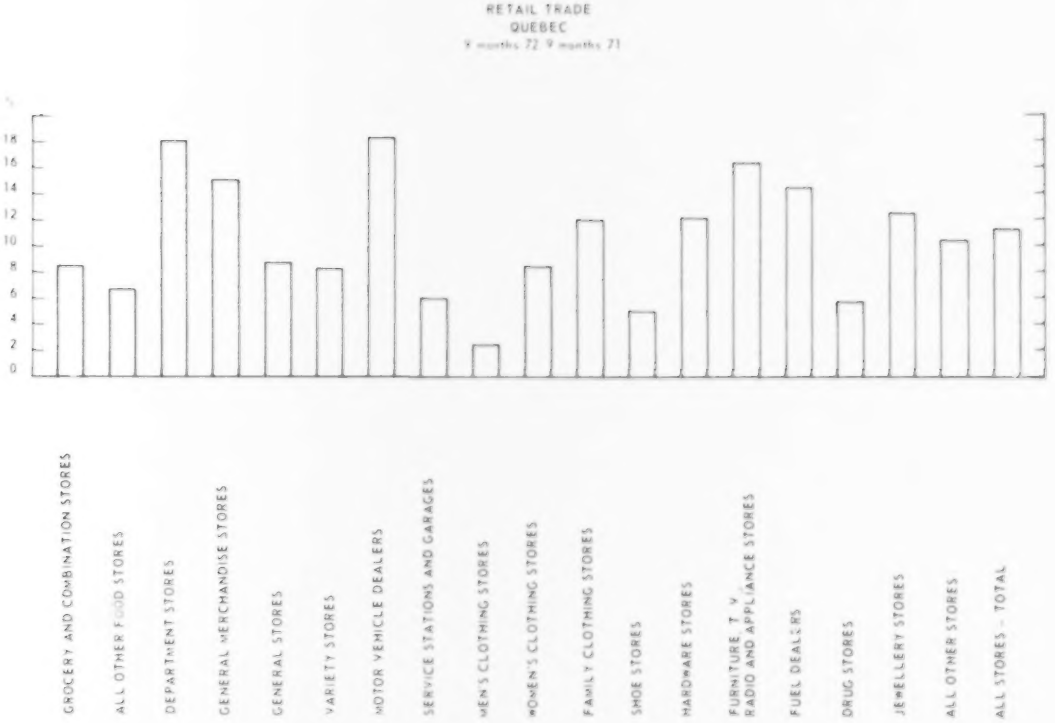
RETAIL SALES

Retail sales advanced by 11.2 per cent in Québec in the first

nine months of 1972, compared to the same period last year. Corresponding increases in Ontario and Canada are 10.4 and 11.6 per cent respectively.



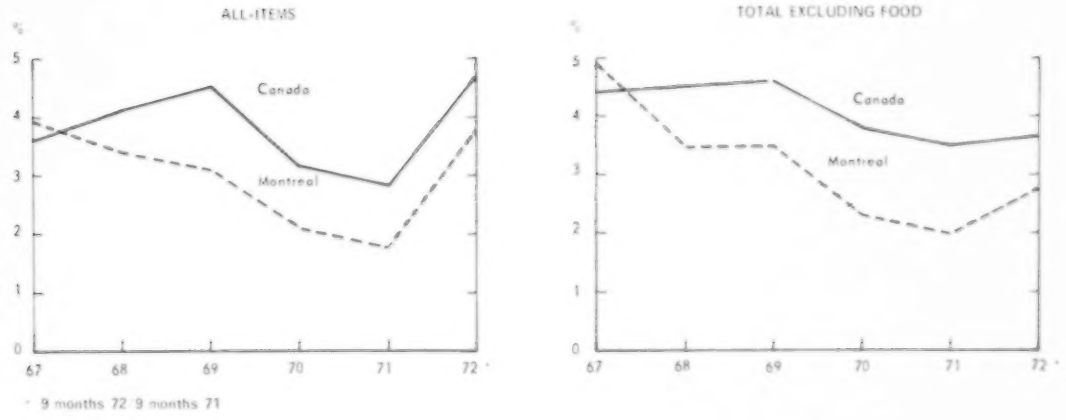
Groups with particularly high increases are: motor vehicle dealers (+18.2 per cent); general merchandise stores (+15.1 per cent); furniture, T.V. and appliance stores (+16.2 per cent); and fuel dealers (+14.3 per cent). Throughout Canada, department stores and motor vehicle dealers benefited by a very strong demand.



PRICES AND SALARIES

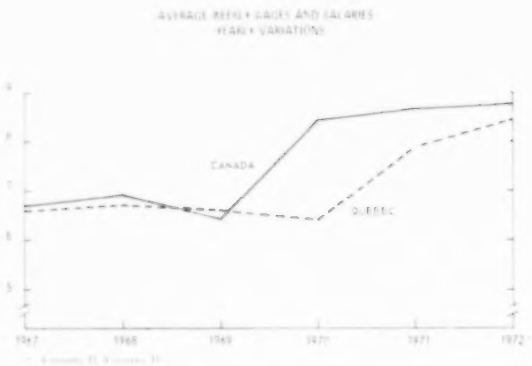
Prices and salaries continued to grow less rapidly in Québec than in Canada. The Montréal consumer price index rose by 3.8 per cent during the first nine months of the year over the same period in 1971. Corresponding increases were 4.0 per cent and 4.6 per cent for Toronto and Canada respectively.

CONSUMER PRICE INDEX
1961=100
YEARLY VARIATIONS



* 9 months 72 9 months 71

Mainly responsible for this rapid price growth is the heavy increase witnessed in the food sector. The price index of food products actually rose by 6.5 per cent during the first nine months of 1972 compared to the same period last year while the over-all index to the exclusion of food products showed a rise of 2.7 per cent only. The same situation was observed in Canada as a whole, with corresponding advances of 7.2 per cent and 3.7 per cent.



Average weekly salaries were up by 8.4 per cent in the first eight months of the year compared to the same period in 1971. Corresponding increases for Ontario and Canada are 8.5 per cent and 8.7 per cent respectively

CONCLUSION AND FORECAST FOR 1973

The economic activity in Québec gathered momentum in 1972. However, the growth was slower and less pronounced than in Canada as a whole. On the other hand, there was a marked increase in investments in 1972, and the productivity rise was definitely higher than expected, which partly explains why employment did not reach the anticipated growth rate.

The general outlook for the U.S. economy and that of the other industrialized countries is very encouraging. In Québec, the recovery which started by the end of 1970 will continue in 1973. The gross national product is expected to increase by 9.5 per cent, but consumer spending, particularly in durable goods, will grow less rapidly. While residential construction is likely to slow down a little, non-residential construction and investment in machinery and equipment will constitute stimulating factors.

There exists, however, growing concern in Europe and elsewhere in the world about the price behavior. Following the example of the United States, Great Britain has recently taken temporary control measures designed to fight inflation. In Canada, the price rise might well be accelerated in 1973.

In the event of restrictive measures having to be enforced in view of circumstances, the Canadian dollar would no doubt undergo rising pressures, which might bring about a new economic slowdown and more unemployment. For Québec, whose unemployment rate is already very high, such a situation might prove intolerable. Québec needs several years of continuing expansion in order to bring its unemployment rate back to reasonable level and, at the same time, partly restructure its manufacturing industry.

quebec's economic growth gained speed in 1972

GROSS NATIONAL PRODUCT

WAS UP BY **9.6%** IN 1972,

FOLLOWING A RISE OF **7.7%** BETWEEN 1970 AND 1971

PERSONAL INCOME

INCREASED BY **9.0%** IN 1971 AND

10.5% IN 1972

CONSUMER SPENDING

IN GOODS AND SERVICES ROSE BY **7.1%** IN 1971

AND **10.0%** IN 1972

PER CAPITA PERSONAL INCOME

AMOUNTED TO **$3,331.00** IN 1972,

A **9.9%** INCREASE OVER 1971

EMPLOYMENT, HOWEVER,

FOLLOWING A PROGRESS OF **2.5%** IN 1971
AS A RESULT OF A MARKED PRODUCTIVITY RISE,

ADVANCED BY ONLY **1.2%** IN 1972,

QUÉBEC'S ECONOMY IS MODERNIZING

PRODUCTIVITY

AUGMENTED BY **4.2%** IN 1972

WHILE THE LONG TERM TREND SHOWS A RATE OF ONLY **2.0%.**

THE MODERNIZATION EFFORT WAS REFLECTED BY **INVESTMENTS**

WHICH WENT UP BY **13.9%** IN 1972,

AFTER GROWING BY **11.2%** IN 1971

CAPITAL EXPENDITURE IN THE MANUFACTURING SECTOR ALSO INCREASED,
FOLLOWING SEVERAL YEARS OF
RELATIVE STAGNATION, BY **23.6%** IN 1972